

# Fresno Moves Slowly on Housing Blight

Fresno County Grand Jury 2014-2015

Report #4

## INTRODUCTION

The City of Fresno has embarked on multiple new efforts to reclaim decaying or neglected neighborhoods to help energize the city's downtown and neighboring areas by encouraging residential development.

At the same time the City of Fresno launched its initiatives, the recession that began in 2007 caused serious financial hardship for the City, resulting in numerous staff cuts.

One area that lost substantial resources was the Development and Resource Management Department's Code Enforcement Division (now called Community Revitalization). With fewer people available to enforce the multiple areas governed by city codes, some issues previously abated in a timely manner were allowed to linger, including regulation of abandoned residential properties.

With the recent, albeit slow, economic recovery has been increasing interest in residential development and rehabilitation in south Fresno, near and in the downtown area. For this report, south Fresno shall refer to all areas located south of the 180 freeway. In spite of recent economic improvement, citizens purchasing, upgrading and maintaining residential property near downtown complain that boarded-up, abandoned or poorly maintained properties in their neighborhoods degrade improvement efforts.

Property owners and City officials told the Grand Jury that a coordinated, collaborative, innovative approach will be needed to accomplish improvement plans and rehabilitate neighborhoods.

## BACKGROUND

In July 2014, when the 2014-15 Fresno County Grand Jury was seated, several articles appeared in newspapers and reports were broadcast on television bringing a spotlight on negative impacts of blighted housing in south Fresno.

"Blighted housing" refers to the external conditions of single- and multiple-family residential properties, including unpainted plywood sheets covering windows, doors, and crawl space entries; un-mowed lawns and weeds in flowerbeds; and trash and rubbish that can be seen from the street. Blight also is reflected in knocked-down and shabby fences, peeling paint and roofs needing repair.

Other indicators of blight include non-working plumbing, mold and mildew, unsafe electrical fixtures and wiring, non-working air conditioning and heating units, unsafe natural gas pipes and connections and pest infestations. This Grand Jury investigation is limited to exterior blight visible when walking or driving by that adversely affects the surrounding neighborhood,

eroding property values and property-tax revenue while increasing expenditures of police and fire resources.

The community groups Faith in Community, No More Slumlords, Tenants Together and the Lowell Community Development Corporation complained publicly that the City of Fresno was not enforcing Fresno Municipal Code §10-601 through 10-606, 10-617 and 10-620. The result, they said, was degradation of neighborhoods and increased crime, drug activity and fires, adding to City costs.

The groups noted that some property owners seek lower assessed valuation of their unoccupied residential units to cut County property taxes, thereby reducing tax revenue that funds Fresno County and the City of Fresno's programs and services.

One community group stated that a single entity owns approximately 4,500 properties in Fresno, more than 1,100 of which are uninhabited, boarded-up and not in compliance with City codes. The community group claimed that the entity submitted 700 requests to lower assessed property valuations to the Fresno County Assessor's office on a single day, each accompanied by photographic evidence.

The Lowell District of Fresno, roughly bounded by Divisadero and the State Route 180 and 41 freeways, has been the site of redevelopment and restoration of many good-sized homes, some at least 75 years old. In spite of recent restoration efforts, neighbors told the Grand Jury the Lowell District also was home to 58 boarded-up houses, half of them owned by the same company and not in compliance with Fresno Municipal Code § 10-617.

The City of Fresno Development and Resource Management Department is charged with enforcing property codes related to blight through its Community Revitalization division (formerly Code Enforcement). During the course of the Grand Jury's investigation, the City simultaneously hosted a task force comprised of the Mayor, members of the Fresno City Council, City staff, educators from Fresno State, and leaders of local community organizations to develop a strategy to improve revitalization efforts.

Task force minutes provided to the Grand Jury indicated a significant number of neglected issues that would require attention, with vacant housing blight being at the top of the priority list. At the conclusion of the Grand Jury's investigation, an amendment to the City's Municipal Code for vacant housing was approved. The fate of the blight reduction for occupied housing, the remaining code enforcement items on the task force's list, and the task force itself was undetermined.

## PURPOSE OF INVESTIGATION

The Grand Jury conducted this investigation under the authority of Calif. Penal Code § 925a. When the Grand Jury investigation began, there had been extensive discussion in the community and in media about a lack of code enforcement by the City to deal with residential blight in south Fresno. City staff testified to the Grand Jury that the absence or slow response of code enforcement in many areas was due to a lack of financial or personnel resources.

As the Grand Jury worked to understand the issues and community groups continued their advocacy of enforcement, the City appointed a task force to develop a plan that could be implemented quickly.

The Grand Jury's goal was to understand the issue as thoroughly as possible, and to report to citizens on what the City was doing to address housing blight as a serious impediment to revitalization initiatives.

## DISCUSSION

The Grand Jury interviewed community and neighborhood leaders and residents, code enforcement advocates and City officials to collect relevant information about Fresno's blighted housing issue.

Grand jurors made multiple visits – walking and driving – to several neighborhoods south of the State Route 180 freeway to inspect conditions and talk with residents.

Grand jurors also attended public meetings on the issue, but not the City task force meetings. City staff stated to the Grand Jury that those meetings were private to allow for a candid exchange of ideas free from public scrutiny.

The Grand Jury, after several requests, did receive minutes of the task force meetings. The Grand Jury also reviewed media accounts and sought help from California State University, Fresno, which was conducting research on the community's blighted housing issue.

Social media postings by various groups and individuals involved in the housing blight issue also were monitored by grand jurors.

Citizens, both as individuals and in community and neighborhood groups, raised the alarm that the City of Fresno was not adequately dealing with Municipal Code violations regarding abandoned, poorly maintained and boarded-up residential housing, especially in south Fresno.

Residents complained that their efforts to rehabilitate older homes or build new housing in areas near Fresno's downtown were being undermined by blight neglected by code enforcement staff.

In spring 2014, more than 150 Fresno State sociology students, working with community groups, began compiling an inventory, with photo documentation, of vacant blighted homes in Fresno. The City of Fresno does not maintain such a database.

Although the Grand Jury made multiple requests to review the information collected by Fresno State students, the university group's information was not complete by the time this investigation concluded.

Until a database can be compiled, the magnitude of the issue is not clear.

## IMPACT OF BLIGHT ON COMMUNITIES AND LOCAL RESOURCES

Two main sources of blighted residential units identified during this investigation are:

- 1.) Companies and individuals who buy properties with the intention of renting or leasing them to the public, and then find that the units cannot be rented due to major deficiencies that would be expensive to fix. When the property is deemed no longer rentable, it is abandoned or boarded up.

- 2.) Units that are foreclosed by banks and other financial institutions, leaving owners with no control of the property still liable for fines and assessments levied on the property. In some cases the lender decides it cannot get enough money out of the property to cover costs and walks away.

City of Fresno staff testified to the Grand Jury that a poor economy and financial cutbacks are to blame for their lack of code enforcement related to housing blight.

Prior to 2011, City of Fresno Community Revitalization had more than 60 employees. Their current staffing level of 25 employees receives 8,000-11,000 complaints a year, over a broad range of issues beyond housing blight. City staff did not provide the Grand Jury with information about whether the 25 remaining code enforcement staff members are involved in field inspections of complaints or if any are management or administrative support staff.

Requests to City staff to further quantify the reported 8,000-11,000 complaints by type or by fiscal or calendar year did not receive a response. It is unknown how many blighted housing complaints were received or if any required a response by the City.

Community groups and task force members point out that abandoned and blighted housing undermine property values, reducing property tax revenue needed to operate City programs. Residential blight adds expense to the City of Fresno's Police, Fire and Public Works departments. The City has legal authority to collect fines and fees through more vigorous enforcement, but doesn't do so.

The Mayor-City Council task force minority report indicates Fresno Police Department considers 45 percent of the city's abandoned properties to be a public nuisance, because some are used by homeless people as shelter or by people involved in drug distribution or prostitution.

The minority report also provided data via the Fresno Fire Department that in 2014 there were 90 vacant-property fires concentrated in south Fresno. Suppression costs to taxpayers were estimated at \$200,000-\$500,000.

The Grand Jury requested the following data from the City of Fresno Development and Resource Management Division:

- Amount of money owed to City of Fresno in fees and/or fines, related to blighted property violations
- Amount owed in reimbursements for work performed by City of Fresno crews billed back to property owners (i.e. boarding, weed abatement)
- Copy of draft ordinances being discussed and edited by the current task force (watermarked or draft marked copies would be acceptable)
- Source data for similar cities referenced by City staff during testimony to the Grand Jury with regard to code enforcement case volume and cost recovery
- Any available weed abatement/resolution tracking data available

A data scope of three years (fiscal or calendar) was requested by the Grand Jury from City staff in March and again in April. Neither request received a response. Without data to review, the Grand Jury is unable to determine what impact additional costs related to blight have on the City's budget, which is largely funded by taxpayer dollars.

During a May 2015 Fresno City Council meeting, a workshop presented by the Mayor indicated that the blight line for the City of Fresno is now Herndon Avenue. A blight line is a boundary between deteriorating and stable neighborhoods. The previous blight boundaries were McKinley Avenue in the 1980s, Ashlan Avenue in the 1990s and Shaw Avenue in the 2000s.

Although this Grand Jury report reviews only blight in south Fresno, the progression of the blight line north over the years to now encompass more than 75% of Fresno's geographic area indicates that a lack of City code enforcement action contributes to housing blight that has impacts throughout the city.

## MEASURING THE ISSUE

Grand Jurors visited the Lowell neighborhood, where there are approximately 1,000 housing units. At the time of the tour, approximately 95 were vacant, but not all were blighted.

On a tour of the intersection of Poplar and Klondike avenues, there were:

- Two six-unit apartment buildings. Eight units were boarded-up improperly.
- A six-unit apartment building with all units boarded-up improperly.
- One house burned, ready to be demolished.
- Two houses boarded-up, one of which was being rehabilitated.
- A three or four unit apartment house with one unit improperly boarded-up.

A driving tour of Mono, Balch, Platt, Iowa, Illinois, Nevada, McKenzie and Washington avenues between 2nd and 9th streets revealed that out of more than 150 homes, 12 were boarded-up and four of those had "For Rent" signs, but none met the necessary aesthetic requirements outlined in the Fresno Municipal Code.

For this south Fresno neighborhood, data collected by Grand Jurors indicates more than 7 percent blighted, vacant single-family units, slightly higher than the 6 percent vacancy rate for Fresno found in the 2010 U.S. Census and notably higher than the national average of 2.5 to 5 percent.

## MAYOR-COUNCIL TASK FORCE

The Fresno City Council and Fresno mayor launched a multidisciplinary Code Enforcement Task Force in September 2014 to review existing codes in relation to the Fresno General Plan.

The task force was comprised of the mayor, three council members, city manager, community leaders, residents of historic neighborhoods, rental property investors, neighborhood advocates, nonprofit organizations, a general contractor, and a representative from the Fresno Association of Realtors. The group met monthly through April 2015 and there were subcommittee meetings as well.

In its final report, the task force concluded that the existence of blighted, boarded up residential properties is a priority issue that has plagued Fresno neighborhoods for too long, requiring remediation to improve property values and promote reinvestment in established neighborhoods.

The task force reported that the City of Fresno has many Municipal Code sections and ordinances that address vacant properties, management of real property and blight but implementation can be unclear or subjective.

The task force recommended:

- Repeal and replace the vacant building ordinance, now requiring property owners to maintain their units in clean and safe external conditions and levying fees and fines for properties that do not comply. The new ordinance clearly defines external property standards.
- Conduct a citywide survey to identify vacant, blighted residential properties, as opposed to responding only to complaints.
- Establish a vacant, blighted residential property enforcement team of four housing/commercial compliance specialists who can evaluate external conditions and take action when necessary.
- Create a voluntary contact list for property owners for use by City personnel in case of a code violation, fire or other emergency.
- Equip each member of the Blight Team with a tablet computer, vehicle and cell phone.
- Establish a system to monitor vacant, blighted properties, with quarterly updates on occupancy, amount of fines assessed/collected, receiverships filed/settled, criminal misdemeanor suits filed/settled and calls for police and fire services.
- The City Attorney will initiate a receivership program to handle properties that cannot or will not come into compliance with the new ordinance.

The majority of the task force members agreed to postpone work on interior blight standards to allow City staff more time to implement changes and assess their impact on exterior blight.

## TASK FORCE MINORITY REPORT

The task force also produced a minority report that recommended a vacant-building registration program modeled upon a successful effort by the City of Vallejo.

Registration would be required of all structures that have been or are expected to be vacant for longer than 60 days.

Vallejo's registration ordinance tracks inspections, findings, resolution, revenue, new registrations, etc., on a quarterly basis. The task force minority report said Vallejo's initiative reduced a 50 percent blight rate in 2012 to 3.8 percent in 2014.

In evaluating Fresno's current vacant property registration ordinance, the task force minority recommended:

- Requiring owners to register their property within 60 days of vacancy and pay a reasonable fee for service so City staff can track, process, inspect and monitor vacant properties.
- Requiring internal health and safety inspection on all formerly blighted properties brought up to code standards before they are rented to be certain substandard housing is not being made available to the city's most-vulnerable populations.
- Allow nonprofit and community groups to enforce the new ordinance at no expense to the City. Current code allows for criminal misdemeanor charges to be filed by the City Attorney against negligent property owners and for the City to pursue receivership on

properties that have been vacant for extended periods with excessive code violations and uncollected fines. However, neither of those options has ever been exercised, said the task force minority report.

## NEW QUESTIONS ARISE

As the Grand Jury was concluding its investigation, the housing blight and code enforcement issue moved back into the public spotlight with allegations of improprieties involving City of Fresno code enforcement officials and a firm that owns numerous properties, many of them vacant.

The city hired a law firm to investigate, but no report had been issued when the Grand Jury report was submitted.

The Mayor's 2015 workshop for the Fresno City Council introduced a new initiative called "Restore Fresno", proposing neighborhood revitalization teams to address decaying neighborhoods including Yokomi, Kirk, Jefferson, and Lowell amongst others in south Fresno. The workshop indicated that Lowell, a neighborhood previously targeted for revitalization, was already experiencing a backslide since the City reduced its presence in the area.

With previous revitalization teams from the City only having limited success, it is unknown what action the City will take to ensure the long term success of new revitalization efforts.

## CONCLUSIONS

The City of Fresno's housing blight challenges have been brought forcefully to public attention by individual citizens and community organizations, resulting in the appointment of a Mayor-City Council Code Enforcement Task Force.

The impact of blight is felt in many ways. It diminishes property values, thereby cutting tax revenue, and it causes public safety and health issues, including increased use of vacant properties by vagrants and by drug dealers and users.

The visual impact of clearly abandoned or neglected buildings is demoralizing and presents a poor image of the city, especially in long-established neighborhoods where revitalization is in progress,

Improperly boarded-up houses and apartments and insufficiently maintained landscaping pose fire, health and safety hazards that already have cost the City hundreds of thousands of dollars, threatening the safety of neighboring people and properties.

The Grand Jury was given no data to indicate that any efforts have been made to levy and collect financial penalties nor to move in any substantive way against multi-property holders in violation of blight codes.

In almost a full year of meetings, only one issue brought about by the special task force was addressed: vacant housing blight. The City Council must approve funding for sufficient staff and support equipment to enforce the revised vacant property ordinance.

City of Fresno staff repeatedly indicates that lack of resources is to blame for the lack of code enforcement and delayed response to housing blight. The mayor and Fresno City Council must partner to provide adequate funding to the Development and Resource Management Division to address these issues and division managers must use those resources effectively.

## FINDINGS

**F101:** Housing blight is an issue, especially in south Fresno that has impact on neighboring residents in substantial ways that include property value degradation as well as health and safety issues, and pride of place.

**F102:** Housing blight also contributes to lower property values, resulting in decreased property tax assessments that fund operations of both the City of Fresno and the County of Fresno.

**F103:** Housing blight brings criminal conduct into neighborhoods which add to the City's law-enforcement challenges and expenditures.

**F104:** Vacant, abandoned housing invites vagrants to "squat," which fire officials say leads to a greater number of fires that threaten neighboring people and their property and also add costs to the City.

**F105:** By inviting a broad group of interests to the code enforcement task force, the City got the input needed to put blighted housing at the top of the priority list of action items.

**F106:** The city's plan to enforce the updated vacant housing ordinance calls for an increase in personnel and equipment upgrades.

**F107:** The Community Revitalization Division's upgrades in technology need to be supported by better City data collection and storage, complete with remote access to allow more staffers to work in the field.

**F108:** The City has not provided information about the total amount of taxpayer dollars applied to combat the impact of blight to the City's budget, nor whether any of those costs were recovered from the parties responsible.

**F109:** The City has failed to respond to two requests from the Grand Jury for data on issues handled by the Community Revitalization Division.

**F110:** Testimony indicates there is no city data base and the one being prepared by Fresno State has missed several completion deadlines. Until the scope of this challenge is known, appropriate action cannot be taken by the City of Fresno and the public is unaware of the scope of this issue.

**F111:** Community groups and individuals commendably worked as advocates for progress on the housing blight issue by publicizing it and continuing to work collaboratively on solutions.

**F112:** The integrity of the City of Fresno's code enforcement operation needs tangible improvement in order for the public to feel confident the division is doing its job adequately.

## RECOMMENDATIONS

**R101:** The City must establish a registry or database of vacant blighted housing and monitor and update it regularly. (F110)

**R102:** The City must effectively collect and evaluate data to monitor the success of the updated vacant housing ordinance, which took over nine months to complete. (F106, F109, F110)

**R103:** The Fresno City Council must adequately staff and fund the proposed neighborhood revitalization teams within the Community Revitalization division. (F106, F107)

**R104:** The Fresno City Council must approve the support resources, such as vehicles and computer technology, to maintain timeliness and productivity of the revitalization teams. (F106, F107)

**R105:** The Mayor's task force should continue its efforts to prioritize and address other neglected issues impacting blighted neighborhoods and set appropriate deadlines to meet established goals. (F105, F112)

**R106:** All existing and revised municipal codes under the scope of Code Enforcement/Community Revitalization should be enforced fairly and consistently. (F112)

**R107:** All complaints received by City code enforcement should be accurately recorded and addressed to evaluate what types of issues require additional attention, whether in the form of resources or municipal code amendments. (F107, F108, F112)

**R108:** Community groups that have been the impetus to make the issue of blighted housing visible to the general public must continue their advocacy and vigorously monitor the City's progress. (F111)

**R109:** The City must re-evaluate its fine structure, cost recovery and receivership processes to reduce the negative impact negligent property owners of blighted homes have on the City's budget. (F101-F104, F108, F109)

**R110:** The City of Fresno Development and Resource Management must respond to requests for information from the Grand Jury that have gone unanswered since March. (F109)

## RESPONSES

Ashley Swearingin, Mayor, City of Fresno (R101-R110)

Bruce Rudd, City Manager, City of Fresno (R101-R110)

Jennifer Clark, Director, Development and Resource Management Department, City of Fresno (R101-R110)

Del Estabrooke, Division Manager, Community Revitalization, City of Fresno (R101-R110)

Dr. Matthew Jendian, Professor and Chair of Sociology, California State University, Fresno (R101, R105, R108)

Oliver Baines, Fresno City Council President (R101-R110)

## SOURCES

The Fresno Bee and Community Alliance newspapers

Interviews with City of Fresno Development and Resource Management staff

Interviews with California State University, Fresno staff

No More Slumlords: [nomoreslumlords.org](http://nomoreslumlords.org)

Faith in Community: [faithincommunity.org](http://faithincommunity.org)

[www.fresno.gov/cityclerk](http://www.fresno.gov/cityclerk)

[www.fresno.gov](http://www.fresno.gov)

City of Fresno Mayor-Council Task Force Report and recommendations, April 2015

City of Fresno Mayor-Council Task Force Minority Report

<https://library.municode.com/index>

Public meetings of the Fresno City Council